

ALABAMA MEDICAID AGENCY
Medical Care Advisory Committee Meeting
Wednesday, May 5, 2010

Commissioner Carol Steckel called the meeting to order at approximately 2:20 p.m. in the Medicaid Boardroom.

Members Present

Carol Steckel, Alabama Medicaid Agency
Cary Kuhlmann, Medical Association of the State of Alabama (via telephone)
Jim Carnes, Alabama Arise
Irene Collins, Alabama Department of Senior Services
Mary Finch, Alabama Primary Health Care Association
Mike Horsley, Alabama Hospital Association
Marsha Raulerson, MD, Medical Association of the State of Alabama
Louise Jones, Alabama Pharmacy Association (via telephone)
Pattisue Carranza, Alabama Pharmacy Association Representative (via telephone)
Linda Lee, Alabama Chapter-American Academy of Pediatrics
Dr. Richard Powers (John Houston) Alabama Department of Mental Health
Jeff Arrington, Alabama Academy of Family Physicians
Katrina Magdon (Louis Cottrell) Alabama Nursing Home Association
Misty Ledbetter (Lawrence Gardella) Alabama Legal Services
Joe Decker, Alabama Nursing Association

Members Absent

Roosevelt McCorvey, MD
Wilburn Smith, Jr., MD
A.Z Holloway, MD
Commissioner Cary Boswell
Louis Cottrell

Commissioner Nancy Buckner
Lawrence Gardella
Commissioner John Houston
Holly Midgley

Others in Attendance

Angela Williams
Kelli Littlejohn, Pharm. D
Lee Rawlinson
Gretel Felton
Nancy Headley
Mattie Jackson
Marilyn Chappelle
Georgette Harvest
Schandra James
Lee Rawlinson

Dr. Robert Moon
Kathy Hall
Dr. Mary McIntyre
Lee Maddox
Henry Davis
Susan Jones
Stephanie Azar
Charlane Griffith
Patricia Jones

Opening Remarks

Commissioner Steckel expressed appreciation for those present and participating via telephone. The meeting proceeded according to the printed agenda.

Budget Update:

The Budget passed through the legislature and has funded the Agency at its 2010 levels. There are some changes to the program areas and significant change in reimbursement in the methodology for pharmacists. In light of our lawsuits and in spite of the Supreme Courts overturning the four jury trials, the Agency will be making some changes. As the changes are being made, we are working very closely with all the pharmacy associations. The Agency will be paying invoice pricing called Actual Acquisition Cost (AAC). Though it's an estimated AAC, the Agency has done a in-depth cost of dispensing survey that will propose an increase in the dispensing fee that pharmacies get for dispensing medications. There will be a third phase to the program changes and the Agency has begun discussions on how we link Pharmacy Services and professional services. Pharmacies could provide services in a medical neighborhood instead of a medical home. The Agency is will soon submit the state plan amendment to CMS and will be moving forward on this issue. There was a proposal to limit the number of prescriptions per-month, but it has been taken off of the table because CMS changed the way our clawback formula is calculated. The FMAP enhancement should count towards the clawback formula, which generated another 44 million dollars. The Legislature paid the Agency back for doing the monthly limit and took the remaining funds to help fund the general fund. The Agency will not be imposing a prescription brand limit this year.

The Agency proposed changes for reimbursement for psychologists. Currently, we are working with psychologists by looking at issues surrounding their services and how we can provide those services to recipients, but do it in a cost effective way. There has been significant fraud and abuse in this area over the past two years. Kathy Hall is leading efforts along with the Association and individual psychologists regarding these issues. Other changes include cutting rates to Ambulatory Surgical Centers by 10 percent along with approximately 2.4 million dollars in cuts to our various contractors. The provider specific tax on nursing homes is increasing, which will generate a net of about 19 million dollars. Additionally, we are implementing a provider specific tax on hospitals.

Due to the way we do CPEs in working with CMS, we believe we can generate an additional 25 million dollars for 2011 to balance the 2011 budget. For the 2011 budget we expect the FMAP enhancement is going to pass, however, if it does not pass, it is a 197 million dollar hole for the state of Alabama and 163.7 million dollars for the Medicaid Agency. We are working very hard with the delegation to get them on board. Dr. Marsha Raulerson asked "how supportive is the Alabama delegation on this Bill"? Mr. Henry Davis responded that they are supportive of the Bill. He has heard from Senator Shelby's office but not from Senator Session's office. Support will be dependent on what is added to the Bill as it is introduced to congress. There were letters from 46 Governors, including our Governor, that went to the leadership. Governor Riley is doing

everything he can do to stay on top of the issue. Any help the Committee can offer, it would be appreciated, but keep in mind that we are working very hard. She stated that she will keep the committee updated on the issue.

The Health Care Reform Bill passed. We have three very short years to add to our roles anywhere from 200 to 400 thousand people, most of who will be single adults. This will add debt to our budget, could also present some opportunities.. There are several provisions that are going to cost the Agency. The first one is the Pharmacy Rebate program, which is retroactive to January 1, where CMS increased the mandated pharmacy rebate. The federal government is taking all of those increases, which also eats into our supplemental rebate program. One of the biggest tasks the Agency will have to do in aligning with expanding the program in 2014 is create as state the health insurance exchange. We are looking at this as a golden opportunity to continue the work that we involved in, such as creating an expansion of our Express Lane eligibility and the linkage between the health and human service programs (TANF, SNAP). We will be convening groups over the next several months to look at how we use the resources that are available in grants from the federal government to create our health insurance exchange. Our efforts in health information technology and health insurance exchanges is moving forward. There will be a meeting this Friday to vote on approval of the strategic plan for our health information exchanges before its submission to ONC. Commissioner commended everyone working on the committee.

Another impact, is realigning of the Agency in efforts to anticipate change over the next couple of years. One area that has been reorganized, is the Medical Services division. It is now Health Systems Division and Kathy Hall and Dr. Robert Moon are the Directors of this division. Because most of our newly eligibles will be adults, many of whom have had no access to healthcare services, Medicaid is going to become "nationally" the largest payer of healthcare services in the country, more so than Medicare. Medicaid is going to be the driver in health care even more so than we are now. One driver is to revamp the system and create a funnel so we can get recipients into a medical home and to get them into a healthcare system at the most appropriate level. There will be more changes in the next couple of months in the Agency to realign our focus so that we address the keen needs that the Agency will need over the next three years. Also, there will be a gubernatorial change and some decisions the Agency will make under Governor Riley will create the ability for the new Governor and his staff to follow what the Agency has done, what has been set up and what decisions need to be made very quickly.

Legislative Update

The 2010 legislative Session was very exciting. The Agency did well on its budget. The Agency is appreciative of its relationship with the Governor; legislature, finance, Chairmen's in the House and the Senate and the nursing home association and thanks them for their assistance resulting in a peaceful

legislative session. A new house and senate will be coming in this fall and we are in the process of educating the candidates about Medicaid. There will be ten vacancies in the house and seven vacancies in the senate. Since Medicaid is a critical program and it takes up about 30% of the general fund budget, we would like for the new members to be educated regarding the programs.

Eligibility Update

Normally there is a new income level for Medicaid eligibility based on poverty level, but this year the income level for our income eligibility is revised based on the consumer pricing. Typically it usually rises, but this year it has gone down due to the stressed economy. This means our income level dictated by federal law would have to go down as well however; legislation was passed to ensure it would remain constant up until March 2011. A second piece of legislation was passed to ensure income levels would remain constant from last year and will end May 31, 2011. CMS has not published this information and the Agency will not have to make any changes until it is published again. The income levels are the same and will remain the same as they were in 2009.

The Agency received a grant for Maximizing Enrollment called Perfecting Enrollment for Alabama Kids (PEAK). The Agency received a \$39.1 million performance bonus from the federal government, which was the highest amount awarded in the United States. Over half of the bonuses, 53% of the overall bonuses given throughout the nation, were given to Alabama. Bonuses totaled 72 million and Alabama received 39 million. The grant we have with RWJ and NASHP is helping to further streamline our enrollment process. The Agency visited Louisiana to look at some of the programs they were doing for example: telephone renewals and online renewals. We also looked at how they were doing their Express Lane Eligibility (ELE). Presently, we are working on a contract with UAB to do a focus group with recipients and find out what are some of barriers they see in enrollment. We are looking at four groups in the Jefferson and Montgomery County areas. There will be several classifications of individuals: AllKids/Medicaid recipients who disenrolled without attempting to renew, AllKids/Medicaid recipients re-enrolled after a lapse in coverage and recipients enrolled in both programs and to learn what their experiences are in enrolling using the web application verses the paper application. The Agency is pushing more of the web applications because it is more feasible. We are working with AllKids to allow online renewals. At this time we are using an administrative renewal, which is a pre-populated form it tells what is already on our system and if there are any changes, the recipient can inform us. Also, we will possibly look at telephone renewals and passive renewals for some low-risk populations.

Under ELE, Medicaid will not have to obtain certain eligibility information already provided to and verified by other need based programs. Under an approved SPA effective October 1, 2009, it will allow the use of income findings from SNAP and TANF to redetermine Medicaid eligibility for children. The

Agency already has the capability to access certain DHR inquiry screens. Children who are eligible for SNAP or TANF will be eligible for continued Medicaid coverage automatically. If findings from DHR reveal a child is ineligible for these programs, then Medicaid must use its standards, policy and procedures to determine eligibility for medical assistance. We began the same process for applications on April 1, 2010. A SPA has been submitted and is awaiting approval by CMS.

Effective January 2010, we began utilizing a data match with SSA to verify citizenship. The data is sent to SSA daily for verification to match the SSN and then match to see if the recipient is a citizen as well. Once the data match is done, we except that for citizenship. The recipient does not have to provide identity verification and this is working extremely well. However, if the data does not match according to CHIPRA law, Medicaid must enroll the person and give the applicant 90 days to provide documentation of citizenship and identity. After 90 days, if documentation is not received then the applicant is terminated.

Medical Services Update

There are several projects ongoing in the Medical Services division. Over the last couple of months the Agency has worked with the Hospital Association, Utilization Review staff and QA staff at the hospitals to review hospital admission criteria for adults and pediatrics. Also, we are moving towards implementing Inter-Quaf criteria as hospitals are currently utilizing it for BCBS as well as Medicare recipients. We did meet some challenges during that process, one of which was the hospital assessment legislation. Effective July 1, 2010 we will move forward with hospitals using Inter-Quaf criteria to see if our Medicaid recipients meet the level of criteria for admission. If not, the hospital will be responsible for reporting the number of days recipients do not meet that criteria to the Agency via claims form. Additionally, we are moving forward with implementation of reporting of Adverse Events, admission indicators also will be effective July 1.

We recently received our SPA approval from CMS for coverage of telemedicine, psychiatrists and dermatologists. There are some access care issues related to psychiatrists within our state. These services must be administered through interactive audio and video telecommunications systems which will allow a two-way communication between the district site physician and the origination site physician. There will be some specific procedure codes that will be covered as well as modifiers that will have to be applied. We are currently adding this to our provider manual and it will be available on the website. The Commissioner clarified that the access care to psychiatrist's services is an issue for all payers as it's a universal issue. Medicaid is still in compliance with our requirements that we provide access to comfortable level of services. Dr. Raulerson asked how does the hospital get paid for keeping up their equipment. Mr. Horsley responded that currently they are probably applying

for grants to pay for their equipment. She also asked about the mile radius. Dr. Moon stated the recipient has to live 50 miles away from the psychiatrist in order for the psychiatrist to be paid. He also stated that Medicare does provide some fee for equipment. Commissioner stated reimbursement is one of the key components. The Agency would have to look at how we design our system and look at how to add more providers into our healthcare system.

Mr. Jeff Arrington asked about the FQHCs. The Commissioner responded that FQHCs are given a lot of money and we see them as the neutral part of the new system, in that the Agency will have to develop, how we integrate, how we do EHR diversion and our medical home model. Ms. Finch stated that it has been a tremendous amount of national appropriations for healthcare centers. She stated that they made an application about a year and a half ago for a specific telemedicine grant for Alabama. However, it was not funded, but hopefully through some of the capital improvement resources that we just got in the fall; this is one of the areas we will look at.

Pharmacy Update

The pharmacy division's fiscal year budget has been approved by the Governor. As previously stated, we will be working on our Pharmacy reimbursement which will include a modification on the ingredient cost side called Actual Acquisition Cost (AAC) as well as a cost of dispensing modification. As we make these changes we are working with all pharmacy associations. There is a conference call scheduled Friday, May 7 to discuss official updates. We are moving forward with the SPA for administrative code changes. We will keep them up-to-date on the changes. We also are moving forward with phase III of the reimbursement modification for pharmacy services to include pharmacies/pharmacists in the "medical home neighborhood" concept. A meeting will be convened this summer to discuss with pharmacy groups regarding what are some low paying improvements that we can do reimbursement for professional services and including the pharmacies in the medical home neighborhood, furthermore supporting the patient center home. In addition, we are looking at the modification of our rebate program that was signed into the healthcare reform law in March that is retroactive back to January. That modification has to do with federal rebates and how they indirectly affect our supplemental rebate. The rebate will cost the state money and it is very difficult to determine the specific amount, each state is looking into this matter as well. There are some additional changes to the supplemental rebate modification. Commissioner stated that one manufacturer has canceled their supplemental contract for financial proposes. CMS approved contract allow for the manufacturer to back out of a contract for financial proposes or for any reason at any time. Another piece of the legislation is it makes pharmacy services for adults a non-optional coverage as of 2014. Although pharmacy services in Alabama is consider a cost effective therapy, but has always been an optional coverage for adults. The healthcare reform law modified that to make it a required minimum benefit. We currently

cover smoking cessations for pregnant women through a waiver. The Patient Protection and Affordable Care Act (PPACA) will make some changes effective 2014.

The DEA released its interim final rule on E-prescribing for control substances effective June 1. Dr. Littlejohn suggested to the committee, if anyone has E-prescribing to be on the lookout for the rule. Another issue is a letter from Senator Grassley asking for some very detailed prescribing information by physicians regarding antipsychotic medications. Commissioner stated that Kelli has been working with Senator Grassley's staff. She also stated that she submitted the letter to MASA and received a letter back from the attorney representing MASA asking that we not respond to the letter for a variety of reasons. The Agency will respond only if it becomes a big issue, but will use the language from MASA's attorney.

Commissioner stated that the Agency is very grateful to the Pharmacy Associations and everyone else who has helped the Agency with this. It is a reduction in reimbursement; however, we think we have done it in such a way that it appropriately pays our pharmacies for both their ingredient cost and for their dispensing cost.

LTC Rebalancing Advisory Committee:

The Long Term Care Rebalancing Committee that was established by resolution in last year's session. The purpose of the committee is to review our current Long Term Care (LTC) system with a goal to level costs and expenditures in the system while keeping all levels of care. To do so, the committee will review how other states are rebalancing their systems. Looking along the continuum of care, all levels are necessary in the continuum, however, we also realize that individuals are now looking to more consumer choices to direct care. Set by the Resolution, the committee began its work July 2009 and consists of five sub-committees: *The Needs Assessment and Services Subcommittee*, *Resource Development Subcommittee*, *Single Point of Entry Subcommittee*, *Economic Impact Subcommittee* and *Legislative Matter Subcommittee*. The subcommittees begin their work to look at specific charges for the respective groups. The Needs Assessment and Services Subcommittee identified what services are needed by the individual to be eligible for LTC. The Resource Development subcommittee looked at all resources available in the state and reviewed whether it would be paid for by Medicaid or some other payer. The single point of entry focused on making the individual fully aware of what services are available and how they connect to those services. The Economic Impact Subcommittee focused on what the first three subcommittees came up with to determine what economic impact of adding a service, modifying a service or adding a new provider type would be on the system. After the report was completed, a final meeting of the long term care advisory committee was convened that included all the subcommittees with other interested stakeholders. The final meeting was March 31. A report listing

recommendations was presented to the committee, who voted to accept them. The report was finalized and submitted to the Governor and legislature before the session ended. The advisory committee will continue to meet as the Agency begins work on long term care rebalancing. We are currently working with Mercy Medical of Alabama out of Mobile, to implement a PACE project a captivated program (Medicaid/Medicare). It is based on an Adult day social and medical model. We also are working to develop a program that will serve about 300 individuals as a pilot project in Mobile and Baldwin counties. The Agency also is implementing a community transition waiver. CMS recently released the Minimum Benefit Set (MBS) which is what nursing homes used to assess individuals on admission or readmission and during other regulated reassessment periods. CMS recently released version 3.0 which asks very specific questions of the resident regarding their desire to return to the community. We are still reviewing the requirements as we are unsure what Medicaid's role versus the nursing home's role is. CMS is looking at some mechanisms for individuals who would like to be able to return back to the community. Additional information is located on the Agency's website www.medicaid.alabama.gov.

Commissioner Collins stated that Senior Services has pilot projects that are completed and thinks they are going to be very good. Another project is working with the veteran's in assisting them, primarily because of the programs at the Agency and the aging network. The Veteran's Administration does not have a program like the aging network. In our Mobile area we have a new grant called the Community Living grant. She stated that we are taking our cash and counseling model and piloting it down to the Mobile area. Commissioner Steckel announced that Commissioner Collins is the Chairperson of the National Association of Aging Counsels.

Health Systems Update:

Dr. Robert Moon attended the Health Information Management Systems Society meeting held in Birmingham yesterday. Items discussed included meaningful use and HIE monies that are available. There also are a lot of health system issues ongoing. The main issue remains reimbursement changes for primary care physicians. The Agency has reviewed other states that are similar to ours, looked at what they have done and what has worked and not worked. There is always a money prospective in terms of looking at what has their growth been in all the time, but also looking at their quality performance. Dr. Moon stated that we are still reviewing quality metrics with plans to release an RFI in the next few weeks, hopefully by June 1. We fully anticipate that some of the ideas will come from existing companies that does the same thing. Managed care is always out there, we expect to see input from those companies, but also anticipate input from other avenues. We would like to see some thoughts and plans from provider groups. We really want to expand and see how to better organize our care systems. Commissioner stated that how do we best organize our system of care in preparation for the people

that are going to hit our health care system in making their first entry into a medical home instead of somewhere else. Mr. Mike Horsley stated that a critical issue is access to primary care. The state has already extricated some of its entities; and it is not only a Medicaid issue it is throughout the state. He feels that this should be really looked into, especially evaluating the education system to ensure an adequate supply of new primary care providers. The greatest fear is that the younger generation continues to seek care at the highest cost not having anywhere to access care except the emergency room. Commissioner agreed more education is needed.

Dr. Richard Powers stated that in the LTC rebalancing report there is a specific provision so the Governor can go back to the healthcare educators in the state, to ask them how they are going to prepare and have enough students in the pipeline. If we want students in the pipeline five years from now, we needed to start two years ago creating infrastructure to feed those kids into the system. A medical school was created at Florida State University to staff the primary care of geriatric needs in the state of Florida. He looked at their operation and they did everything humanly possible and they have not succeeded. He stated that this is the darkest forecast and that we need to very carefully study. Mr. Joe Decker agreed with the comment as the Nursing Association has a looming shortage of RNs. Also, the study shows a shortage of faculty members and without faculty members we cannot make the pipeline bigger until we get someone qualified and want to teach. Another specific issue is the under-utilization of Nurse Practitioners as they could fill the gap in primary care. Dr. Raulerson stated that part of the problem is the way insurance carriers pay providers. There are no Nurse Practitioners or Physician Assistants in the rural areas due to non payments. Commissioner stated that the Governor has appointed her as the health care coordinator for the health care reform. She will make a proposal for primary care and add education to medical home.

Dr. Moon stated that he is very happy with the medical home work that has been done because it will provide one avenue, maybe the best in Alabama. Medicaid, Allkids, and the Alabama Chapter of American Family Pediatrics were successful in receiving a technical assistance grant from the National Association of State Health Policy. The main goal is to develop a program like one in North Carolina. After review of other states, it appears the North Carolina program will be the best fit for Alabama's needs. The Agency has a limited budget, but with that limited budget we hope to coordinate a lot of activities.

Commissioner stated that the medical home model would include children over the age of six that are 100%-133% of the FPL. They will be adults from zero up to 133% of the FPL. Instead of the 108 categories we will now have one called the modified adjusted gross income and will be linking with the IRS. Dr. Moon stated that the health care reform has been added to our regular meeting with ADPH.

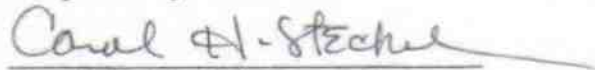
Dr. Raulerson asked about the lapse of coverage in Medicaid. She has had some cases in her office. She suggested the worker be a part of the medical home so that they can investigate why the documents have not been submitted within the timeframe. Another issue she is experiencing is Medicaid fraud. Gretel Felton will provide the information on how to file the complaint.

Closing Remarks:

The Commissioner thanked everyone for attending the meeting. She also informed the committee that they will be very intimately involved in Medicaid over the next three years. We will be working not to just implement healthcare reform, but take advantage of some of the systemic changes that we can make and because now we know we will have the influx of individuals to make those changes.

There being no further business to discuss, the meeting adjourned at 4:15 p.m.

Respectfully submitted:



Carol H. Steckel, Commissioner



Angela Williams, Recorder

Attachment:

Eligibility Updates